

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03

SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07

CEA-01 L-03 IO-13 H-01 /106 W

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FM AMEMBASSY LIBREVILLE

TO SECSTATE WASHDC 0968

INFO AMEMBASSY ADDIS

C O N F I D E N T I A L LIBREVILLE 1059

FROM US DELEGATION AFRICAN DEVELOPMENT BANK/FUND MEETING

E.O. 11652: GDS

TAGS: EFIN, EAID, F, AFDB, AFDF

SUBJ: COMPENSATION FOR NATIONALIZED U.S. FIRMS

IN ETHIOPIA

1. BERGSTEN RAISED COMPENSATION ISSUE WITH ETHIOPIAN
FINMIN TAFERRA WOLDE-SEMIAT DURING AFDB MEETING ON MAY 3. HE
REFERRED TO U.S. LEGISLATIVE REQUIREMENTS AND NOTED
GREAT PATIENCE OF USG IN PURSUING ISSUE. THERE HAS
BEEN NO MEANINGFUL PROGRESS, HOWEVER, AND IT WILL
BE EXTREMELY DIFFICULT FOR US TO DELAY LONGER IN
IMPLEMENTING LEGAL REQUIREMENTS.

2. SEMATI REPLIED THAT ETHIOPIA HAD SET UP A
COMPENSATION COMMISSION TO HANDLE ALL NATIONALIZATION
CASES FAIRLY. THE COMMISSION WAS NOT FUNCTIONING WELL
THOUGH ITS ACTIVITIES HAD BEEN HAMPERED BY THE USUAL
START-UP PROBLEMS AND THE DISTRACTIONS TO ALL
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ETHIOPIAN FUNCTIONS CAUSED BY RECENT HOSTILITIES.
IN ADDITION, THE COMMISSION HAD GIVEN PRIORITY TO
HARDSHIP CASES AND THOSE INVOLVING LARGER SUMS OF
MONEY. ONCE THE COMMISSION ADDRESSED A CASE, IT
WILL OF COURSE RECEIVE DOCUMENTATION FROM THE FIRMS
OR CONDUCT ITS OWN ANALYSES.

3. SEMATI STRESSED THE FAIRNESS OF THE COMMISSION PROCEDURES. HE NOTED THAT THEY EVEN HAVE BEEN WILLING TO WORK OUT ARRANGEMENTS WHEN NON-PAYMENT OF PAST ETHIOPIAN TAXES HAD BEEN DISCOVERED. SEMATI ASSURED BERGSTEN THAT ETHIOPIA WOULD DEAL FAIRLY WITH THE U.S. AND ALL OTHER COMPANIES.

4. BERGSTEN EXPRESSED PLEASURE WITH THE ASSURANCE OF FAIR TREATMENT AND REITERATED THE NEED FOR PROGRESS TOWARD SUCH AN OUTCOME. HE ASKED WHETHER HE COULD TELL THE U.S. FIRM THAT TAFERRA HAD PERSONALLY INVITED THEM TO GET IN TOUCH WITH THE COMMISSION TO BEGIN THE PROCESS.

5. TAFERRA REPLIED AFFIRMATIVELY. HE INVITED THE FIRMS TO WRITE THE COMMISSION TO SEEK A FIRM DATE FOR A MEETING WHICH COULD THEN BE SCHEDULED IN ADDIS.

6. BERGSTEN INDICATED THAT HE WOULD CONVEY THE MINISTER'S INVITATION TO THE FIRMS. HE THEN SOUGHT THE MINISTER'S ASSURANCE THAT THESE PROCEDURAL STEPS WOULD LEAD PROMPTLY TO NEGOTIATIONS FOR A FAIR SETTLEMENT. TAFERRA WAS UNWILLING TO MAKE SUCH A COMMITMENT, REFERRING TO THE NEED FOR ADEQUATE DATA AND THE NEED FOR THE COMMISSION TO FOCUS ON PRIORITY CASES.
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7. COMMENT: THE DISCUSSION WAS CANDID AND BUSINESS-LIKE. IT SHOULD BE NOTED, HOWEVER, THAT ETHIOPIA WAS ONE OF ONLY TWO AFDB MEMBERS (ALONG WITH UGANDA) TO OPPOSE OPENING THE BANK TO NON-REGIONAL MEMBERS, REPORTEDLY BECAUSE IT OPPOSED POLICY OBJECTIVES WHICH THE U.S. WOULD SEEK TO ACHIEVE IN THE BANK ONCE IT BECAME A MEMBER. TIENKEN

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